

REFERENCE TITLE: primary care loan repayment program

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HB 2690

Introduced by
Representative Lopes

AN ACT

AMENDING SECTIONS 36-2172 AND 36-2174, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 21, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2176; RELATING TO MEDICALLY UNDERSERVED AREAS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 36-2172, Arizona Revised Statutes, is amended to
3 read:

4 36-2172. Primary care provider loan repayment program: purpose;
5 eligibility: default: exemption

6 A. The primary care provider loan repayment program is established in
7 the department to pay off portions of education loans taken out by
8 physicians, dentists and mid-level providers.

9 B. The department shall prescribe application and eligibility
10 requirements that are consistent with the requirements of the national health
11 service corps loan repayment program (42 Code of Federal Regulations part
12 62). To be eligible to participate in the primary care provider loan
13 repayment program, an applicant shall meet all of the following requirements:

14 1. Have completed the final year of a course of study or program
15 approved by recognized accrediting agencies for higher education in a health
16 profession licensed pursuant to title 32 or hold an active license in a
17 health profession licensed pursuant to title 32.

18 2. Demonstrate current or prospective employment with a public or
19 nonprofit entity located and providing services in a federally designated
20 health professional shortage area in this state as designated under 42 Code
21 of Federal Regulations section 62.52.

22 3. Contract with the department to serve and be qualified to serve in
23 dentistry, family practice, pediatrics, obstetrics or internal medicine.

24 C. In addition to the requirements of subsection B of this section, an
25 applicant who is a physician shall meet both of the following requirements:

26 1. Have completed a professional residency program in family practice,
27 pediatrics, obstetrics or internal medicine.

28 2. Contract with the department to serve for at least two years.

29 D. A mid-level provider or dentist who participates in the primary
30 care provider loan repayment program shall contract with the department to
31 provide services pursuant to this section for at least two years.

32 E. In making recommendations for the primary care provider loan
33 repayment program, the department shall give priority to applicants who
34 intend to practice in rural areas most in need of primary care services. In
35 determining the areas most in need of primary care services, the department
36 shall consider areas that are either designated as medically underserved by
37 the department or have been assigned to a high-degree-of-shortage group
38 pursuant to 42 Code of Federal Regulations section 62.52.

39 F. All loan repayment contract obligations are subject to the
40 availability of monies and legislative appropriation. The department may
41 cancel or suspend a loan repayment contract based on unavailability of monies
42 for the program. The department is not liable for any claims, actual damages
43 or consequential damages arising out of a cancellation or suspension of a
44 contract.

1 G. This section does not prevent the department from encumbering an
2 amount that is sufficient to assure payment of each primary care provider
3 loan for a period of up to two years.

4 H. The department shall issue program monies to pay primary care
5 provider loans that are limited to the amount of principal, interest and
6 related expenses of educational loans according to the following schedule:

7 1. For physicians and dentists:

8 (a) For the first year of service, a maximum of ~~twenty~~ THIRTY thousand
9 dollars.

10 (b) For the second year of service, a maximum of ~~twenty~~ THIRTY thousand
11 dollars.

12 (c) For the third year of service, a maximum of ~~twenty-two~~ THIRTY-FIVE
13 thousand dollars.

14 (d) For the fourth year of service, a maximum of ~~twenty-five~~ THIRTY-FIVE
15 thousand dollars.

16 (e) FOR THE FIFTH YEAR OF SERVICE, A MAXIMUM OF THIRTY-FIVE THOUSAND
17 DOLLARS.

18 (f) FOR THE SIXTH YEAR OF SERVICE, A MAXIMUM OF THIRTY-FIVE THOUSAND
19 DOLLARS.

20 2. For mid-level providers:

21 (a) For the first year of service, a maximum of ~~seven~~ FIFTEEN thousand
22 ~~five hundred~~ dollars.

23 (b) For the second year of service, a maximum of ~~seven~~ FIFTEEN
24 thousand ~~five hundred~~ dollars.

25 (c) For the third year of service, a maximum of ~~nine~~ TWENTY thousand
26 dollars.

27 (d) For the fourth year of service, a maximum of ~~ten~~ TWENTY thousand
28 ~~five hundred~~ dollars.

29 (e) FOR THE FIFTH YEAR OF SERVICE, A MAXIMUM OF TWENTY THOUSAND
30 DOLLARS.

31 (f) FOR THE SIXTH YEAR OF SERVICE, A MAXIMUM OF TWENTY THOUSAND
32 DOLLARS.

33 I. A physician, dentist or mid-level provider who enters into an
34 original contract may apply for additional contracts for ~~one or~~ NOT MORE THAN
35 two years, subject to approval by the department.

36 J. A participant in the primary care provider loan repayment program
37 who breaches the loan repayment contract by failing to begin or to complete
38 the obligated services is liable for liquidated damages in an amount
39 equivalent to twice the total uncredited amount of the loan repayment
40 contracted for on a prorated monthly basis. The department may waive the
41 liquidated damages provisions of this subsection if it determines that death
42 or permanent physical disability accounted for the failure of the participant
43 to fulfill the contract. The department may prescribe additional conditions
44 for default, cancellation, waiver or suspension that are consistent with the

1 national health service corps loan repayment program (42 Code of Federal
2 Regulations sections 62.27 and 62.28).

3 K. Notwithstanding section 41-192, the department may retain legal
4 counsel and commence whatever actions are necessary to collect loan payments
5 and charges if there is a default or a breach of a contract entered into
6 pursuant to this section.

7 Sec. 2. Section 36-2174, Arizona Revised Statutes, is amended to read:

8 36-2174. Rural private primary care provider loan repayment
9 program; private practice

10 A. Subject to the availability of monies, the department of health
11 services shall establish a rural private primary care provider loan repayment
12 program for physicians, dentists and mid-level providers with current or
13 prospective rural primary care practices located in medically underserved
14 areas in this state, as prescribed in section 36-2352. To be eligible to
15 participate in the program an applicant shall agree to provide organized,
16 discounted, sliding fee scale services for medically uninsured individuals
17 from families with annual incomes below two hundred per cent of the federal
18 poverty guidelines as established annually by the United States department of
19 health and human services. The department shall approve the sliding fee
20 scale used by the provider. The provider shall assure notice to consumers of
21 the availability of these services. The department shall give preference to
22 applicants who agree to serve in rural areas. For the purposes of this
23 subsection, "rural" means either of the following:

24 1. A county with a population of less than four hundred thousand
25 persons according to the most recent United States decennial census.

26 2. A census county division with less than fifty thousand persons in a
27 county with a population of four hundred thousand or more persons according
28 to the most recent United States decennial census.

29 B. Except as provided in section 36-2172, subsection B, paragraph 2,
30 the program established pursuant to this section and loan repayment contracts
31 ~~made~~ ENTERED INTO pursuant to this section shall comply with the requirements
32 of section 36-2172.

33 C. The department of health services may apply for and receive private
34 donations and grant monies to implement the rural private primary care
35 provider loan repayment program established pursuant to this section.

36 Sec. 3. Title 36, chapter 21, article 1, Arizona Revised Statutes, is
37 amended by adding section 36-2176, to read:

38 36-2176. Primary care provider loan repayment program fund;
39 exemption; report

40 A. THE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM FUND IS
41 ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS. THE DEPARTMENT OF
42 HEALTH SERVICES SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE
43 CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION
44 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE DEPARTMENT SHALL USE MONIES

1 IN THE FUND FOR PRIMARY CARE PROVIDER LOANS AS PRESCRIBED IN SECTIONS 36-2172
2 AND 36-2174

3 B. ON OR BEFORE JUNE 15 OF EACH YEAR, THE DIRECTOR OF THE DEPARTMENT
4 SHALL SUBMIT A WRITTEN REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE
5 REGARDING FUND REVENUES, EXPENDITURES AND THE TOTAL NUMBER OF PRIMARY CARE
6 PROVIDERS PLACED BY COUNTY.